FINANCIAL CAPITAL

GROUP FINANCE DIRECTOR'S REVIEW

Momentum Metropolitan remained on track to deliver on its Reset and Grow target of normalised headline earnings between R3.6 billion to R4.0 billion by F2021, until the Covid-19 pandemic started to impact South Africa in early March 2020. It is pleasing that our initial focus and success with our Reset objectives, enabled us to start making progress on the Grow objectives. The Reset and Grow strategy was the right strategy at the right time, as it certainly put us in a better position to handle the impact of the Covid-19 pandemic, and it contributed to good operational results in F2020, despite the Covid-19 related turmoil in the second half of the financial year.

Risto Ketola
Group Finance Director

The first Covid-19 case in South Africa was reported on the day that we released an excellent set of interim financial results for F2020. The pandemic quickly started spreading and brought many challenges to our operating environment. Our clients, employees, and other stakeholders were not only impacted from a health perspective, but also financially by the severe volatility in investment markets, as well as in their daily movements due to government restrictions that were implemented in the various levels of lockdown. These effects continue, and it will take the country years to fully recover economically.

In line with our external environment, Momentum Metropolitan was and continues to be impacted by the expected worsening in claims experience, lower new business volumes, increased risk of policy lapses or withdrawals, lower investment returns, and additional expenses related to the operational and risk management initiatives we took to effectively deal with the crisis.

The Covid-19 pandemic therefore significantly impacted our results for F2020. The Group delivered normalised headline earnings of R1 521 million for the 12 months, which includes a loss of R251 million for the second half of the year. This loss was largely due to additional provisions that were raised, with a net negative impact of R983 million for potential Covid-19-related adverse claims experience and policyholder lapses and withdrawals. Furthermore, the partial recovery of investment markets during the last quarter did not fully offset the impact of severe market-related losses reported in the third quarter of the year. The net market losses included in normalised headline earnings for the year amounted to R975 million.

Excluding the impact of these two items, earnings from operational activities of R3 479 million (after tax) demonstrate a continuation of the momentum and robustness of our underlying results before the Covid-19 pandemic. Momentum Investments continued its growth trajectory and saw good new business and investment flows throughout the year. In Metropolitan Life the sustained operational focus to improve the quality of business resulted in improved new business margins, despite lockdown-related costs in its agency force. The Non-life insurance operations continued to deliver good growth, further supported by the acquisition and integration of Momentum Insurance (formerly Alexander Forbes Insurance). Our businesses in other African countries contributed positive earnings growth year-on-year on the back of satisfactory operating performance, despite the impact of the additional provisions related to the Covid-19 pandemic.

We maintained our stringent focus on efficiency initiatives and the controllable administration expenses increased by 2.0%, well below inflation. Increases in expenses to accelerate developments of our digital capabilities and servicing platforms, as well as costs incurred to enable working from home, were offset by tight control of headcount and a reduction in items such as travel and entertainment – this partially due to the lockdown restrictions.

Our new business volumes, as measured by the present value of new business premiums (PVNBP), and value of new business declined by 10% and 48% to R50.4 billion and R280 million, respectively.

Excluding the impact of a R5 billion with-profit annuity transaction included in the prior year, the PVNBP remained flat year-on-year. This is a commendable achievement, considering the impact of the national lockdown and the slowdown in economic activity during the fourth quarter. The value of new business was negatively impacted by additional costs incurred in the distribution channels to support employees and business partners during the lockdown phase.

We decided not to declare a final ordinary dividend in respect of the 12 months ended 30 June 2020. The Group's dividend policy is to declare ordinary dividends within a dividend cover range of 2.0 to 3.0 times normalised headline earnings. Considering that the Group recorded negative normalised headline earnings in the second half of the year, not declaring a final ordinary dividend is in line with the Group's dividend policy. We remain comfortable with our dividend policy and expect that ordinary dividends will be resumed in line with the dividend policy as the normalised headline earnings recover.

The Group remains well capitalised with a strong balance sheet. The regulatory solvency position of Momentum Metropolitan Life, the Group's main life insurance entity, decreased from 2.08 times the Solvency Capital Requirement (SCR) at 30 June 2019 to 1.85 times SCR at 30 June 2020.

The decline in our solvency position is due to the impact of the Covid-19 pandemic, including the falls in investment markets, additional provisions for Covid-19-related claims and policyholder behaviour, as well as the recent acquisition of Momentum Insurance.

The return on embedded value (ROEV) declined from 8.0% in F2019 to -3.7% in F2020, driven by the adverse investment market movements affecting the covered business, as well as the creation of additional provisions against the impact of the Covid-19 pandemic. These adverse investment market movements are largely related to negative equity returns and increasing bond yields at the longer durations.

The Group's financial results demonstrate its resilience. Our solvency remains strong and normalised headline earnings continued to be positive in a year when the financial markets experienced events expected to occur once in 20 years to once in 50 years, and operational turmoil had to be managed during the final quarter. We believe our entrepreneurial culture and federated operating model are key reasons why we were able to adapt quickly to these circumstances. We were very pleased that we were able to respond effectively to the needs and concerns of our clients and our employees during this period of uncertainty.

Our key metrics

	Basic			Diluted		
	F2020	F2019	Δ%	F2020	F2019	Δ%
Earnings (R million)	178	2 255	(92)	178	2 275	(92)
Headline earnings (R million)	1 036	2 474	(58)	1 036	2 494	(58)
Normalised headline earnings (R million) [1]				1 521	3 074	(51)
Earnings per share (cents)	12.3	153.1	(92)	12.3	151.6	(92)
Headline earnings per share (cents)	71.3	168.0	(58)	71.3	166.2	(58)
Normalised headline earnings per share (cents) [1]				101.5	202.5	(50)
Interim dividend per share - March (cents)				40	35	14
Final dividend per share - September (cents)				-	35	
Total dividend per share (cents)				40	70	(43)
Present value of new business premiums				50 447	55 783	(10)
Value of new business				280	541	(48)
Value of new business margin				0.6	1.0	
Diluted embedded value per share (R)				25.70	27.48	(6)
Return on embedded value				(3.7)	8.0	
Return on embedded value per share				(3.8)	9.4	
Diluted number of shares in issue (m)				1 499	1 499	-
Diluted weighted average number of shares (m)				1 499	1 518	(1)

Net asset value

R million	F2020	F2019	Δ%
Total assets	506 393	502 605	1
Total liabilities	(483 446)	(479 059)	(1)
Total equity	**22 947**	**23 546**	**(2)**

1 Normalised headline earnings adjust the standard JSE definition of headline earnings for the dilutive impact of finance costs related to preference shares that can be converted into ordinary shares of the Group, the impact of treasury shares, the amortisation of intangible assets arising from business combinations and B-BBEE costs. The adjustment for the impact of treasury shares removes mismatches that might arise from elimination of treasury shares (potential mismatches that are peculiar to financial institutions that invest in their own securities on behalf of clients). The definition of normalised headline earnings remains unchanged.

The speed and frequency with which the Audit Committee received the information it needed to assess possible impacts on the business and make decisions to protect value and ensure future sustainability is commendable.

Linda de Beer
Chair Audit Committee

CONSOLIDATED GROUP FINANCIAL PERFORMANCE

Normalised headline earnings

R million	1Q	2Q	3Q	4Q	F2020	F2019	Δ%
Momentum Life	247	236	(35)	(32)	416	883	(53)
Momentum Investments	152	118	3	30	303	512	(41)
Metropolitan Life	155	194	(39)	(8)	302	610	(50)
Momentum Corporate and Health	139	196	133	(208)	260	601	(57)
Non-life Insurance	83	60	120	142	405	164	>100
Momentum Metropolitan Africa	128	80	(167)	276	317	262	21
Normalised headline earnings from business units	**904**	**884**	**15**	**200**	**2 003**	**3 032**	**(34)**
New Initiatives	(134)	(106)	(136)	(133)	(509)	(492)	(3)
Shareholders	112	112	(163)	(34)	27	534	(95)
NHE	**882**	**890**	**(284)**	**33**	**1 521**	**3 074**	**(51)**

Momentum Metropolitan delivered normalised headline earnings of R1 521 million for the 12 months of F2020, which includes a loss of R251 million for the second half of the year.

Uncertainty remains on the progression of the Covid-19-related claims experience and future persistency experience. We therefore reviewed our mortality, disability and termination assumptions used in the valuation basis of the life insurance operations of the Group, as well as the potential claims impact on non-life insurance business. We have created additional provisions of R983 million (net of tax) in the fourth quarter to absorb the possible future impact of the Covid-19 pandemic.

We reported small positive normalised headline earnings of R33 million for the fourth quarter, despite setting up the Covid-19 provision. This represents a modest recovery from the third quarter's loss, which was attributable to the decline in the investment markets during March 2020. Despite the recovery in the equity market during the fourth quarter, the unrealised asset-liability management losses stemming from relative movements in the bond and swap curves, used to value annuities and guaranteed endowments, persisted into the fourth quarter. The total market impact for the year was a loss of R975 million.

The table below shows the impact of the F2020 normalised headline earnings split between the provisions for Covid-19-related claims and persistency, as well as financial market-related variances/losses by our business units.

R million	F2019	F2020			
	Normalised headline earnings	Earnings from operations [2]	Provisions for Covid-19-related impact	Market impact [3]	Normalised headline earnings
Momentum Life	883	812	(366)	(30)	416
Momentum Investments	512	590	-	(287)	303
Metropolitan Life	610	757	(180)	(275)	302
Momentum Corporate	601	709	(347)	(102)	260
Non-life Insurance	164	443	(38)	-	405
Momentum Metropolitan Africa	262	475	(52)	(106)	317
Normalised headline earnings from business units	**3 032**	**3 786**	**(983)**	**(800)**	**2 003**
New Initiatives	(492)	(509)	-	-	(509)
Shareholders	534	202	-	(175)	27
NHE	**3 074**	**3 479**	**(983)**	**(975)**	**1 521**

2 Earnings from operations is not a key performance indicator of the Group and is not a derivative from line items in the income statement prepared on an IFRS basis. It is calculated in order to explain how the Group's normalised headline earnings over the second half of the financial year were affected by the Covid-19 pandemic and the resultant investment market-related impacts. It is calculated as normalised headline earnings, less the additional provisions for the impact of the Covid-19 pandemic, less the market impact. The Group does not intend to continue to report earnings from operations beyond the Covid-19 pandemic and its related investment market volatility.

3 The market impact for F2020 includes the investment variances on the life insurance business. In Shareholders the market impact includes the quarterly excess investment return from a normal quarter in F2020, fair value gains and losses and economic assumption changes.

Covid-19 related provisions

We have considered the possible impact of the Covid-19 pandemic related decline in economic conditions and the outlook, as well as expected policyholder behaviour around lapses, surrenders, and withdrawals. We reviewed recent claims experience, publicly available models that project our infection and mortality rates of Covid-19. We have also observed the outcomes from premium relief options that clients have exercised in the last three months of the financial year. Our modelling suggests that the bulk of the impact of the Covid-19 pandemic will be observed in the F2021 and F2022 financial years.

Based on the modelling we made changes in the applicable mortality, disability, and termination assumptions that are used in the valuation basis of the life insurance operations of the Group for F2021 and F2022. We also considered the impact of claims on the non-life insurance business in Guardrisk.

The overall impact is a reduction in the Group's normalised headline earnings for the year of R983 million. There is an additional impact on the value of in force business of R398 million, which resulted in a total reduction in embedded value of R1 381 million.

The impacts of provisions for Covid-19 by business unit

	Normalised headline earnings					Value of in-force business	Embedded value
R million	Mortality	Morbidity	Non-life insurance claims	Terminations	Total	Terminations	Total
Momentum Life	316	-	-	50	366	114	480
Metropolitan Life	108	-	-	72	180	-	180
Momentum Corporate	275	72	-	-	347	284	631
Momentum Metropolitan Africa	52	-	-	-	52	-	52
Non-life insurance	-	-	38	-	38	-	38
Total	**751**	**72**	**38**	**122**	**983**	**398**	**1 381**

We determined the assumptions that we applied in the establishment of the provisions for Covid-19 by taking various modelled scenarios into account. The specific circumstances that affect the clients of each business unit were considered in the modelling and the resultant assumptions may thus differ somewhat between business units. As trends in Covid-19-related claims experience and policyholder behaviour continue to evolve, we will continue to evaluate and assess the assumptions used in the valuation basis.

The valuation basis was determined as follows for each factor:

Mortality

As at 30 June 2020, South Africa reported 151 290 confirmed Covid-19 cases and recorded 2 657 deaths. By 7 September, confirmed cases in South Africa has increased to 639 362 and recorded 15 004 deaths. Excess deaths are significantly higher than the confirmed Covid-19 number of deaths.

As a result of the increase in excess deaths, we anticipate a rise in mortality claims in the near-term, linked to the spread of the Covid-19 pandemic. The mortality provision was determined by referencing several international studies on attack rates and infection and case fatality rates and applying these assumed age-based infection and fatality rates, to the sums at risk of the various books of business. The infection and mortality rates were further adjusted to allow for the assumed differences in the different socio-economic classes, as well as actual claims experience up to the end of July 2020.

The final modelling assumed ultimate attack rates ranging from 40% to 60% of the population.

In Momentum Life and Momentum Corporate we allowed for similar infection rates. The lower-income retail client segment is expected to be more vulnerable to infections and to have more limited ability to isolate and shelter.

The mortality and infection rates in Metropolitan Life are therefore expected to be significantly higher than the modelled experience in Momentum Life and Momentum Corporate. We have allowed for reinsurance recoveries in line with the conditions of the relevant agreements.

Momentum Metropolitan Africa included a R52 million allowance for adverse experience.

Longevity

We anticipate that increased mortality of annuitants as well as income protection claimants will result in a higher than expected release of reserves held for these benefits. However, we have not taken credit for this in the Covid-19 provision.

Morbidity

We expect an increase in income protection claimants that are unable to return to work due to the economic environment. In Momentum Corporate, we allowed for a 20% reduction in return-to-work rates for a 24-month period.

Terminations

In March 2020, the various business units of Momentum Metropolitan offered relief measures in the form of premium holidays, premium rebates, premium pause options, and grace periods for premium payment to ease financial pressure for clients. Given the hardship caused by the economic crisis, we expect that some of the clients who elected to make use of these relief options are at risk of terminating their policies in the near term. For these policies, Momentum Life and Momentum Corporate have considered actual policyholder behaviour over the last three months and have assumed that 50% of policyholders who exercised premium holidays and pause options would terminate their policies immediately upon expiry of the grace period.

Metropolitan Life already offered a premium skip facility before the pandemic and the valuation assumptions therefore already had an allowance for policies in a 'premium skip' state. No additional allowance was therefore made. Metropolitan Life's earnings are more exposed to terminations on its funeral book than what is the case for Momentum Life on its protection business, and a termination provision equal to 10% of negative rand reserves has been allowed for to reflect the potential short-term deterioration in lapses on Metropolitan Life's funeral book due to the economic lookout.

Retrenchment risk

Momentum Metropolitan Life has limited exposure to retrenchment risk as it has generally been averse to this risk type in the past. Consequently, no explicit liability was deemed necessary.

Guardrisk does have exposure to retrenchment risk in several of its cells, but these cells are still sufficiently profitable and well capitalised to avoid the need to hold any additional shareholder provisions related to these cells. The reserving in the cells has been strengthened in anticipation of increased retrenchment risk.

Non-life insurance claims

Guardrisk has made an adjustment to its outstanding claims reserves for a potential increase in claims related to business interruption cover that is offered as an extension on some of its policies. The outbreak of the Covid-19 pandemic has sparked public debate between policyholders, insurers, reinsurers, and regulators on the interpretation of policy wordings that offer business interruption cover, and specifically in relation to any extensions for infectious or contagious diseases.

Although a legal process is still ongoing, Guardrisk is providing relief to policyholders in the hospitality industry by offering a settlement in terms of the policy to affected policyholders. The settlement offer triggers cover under quota share and non-proportional (excess-of-loss) reinsurance agreements. It is estimated that the total gross claims against business interruption cover underwritten by Guardrisk is approximately R600 million. After taking reinsurance recoveries into account, a net of tax provision of R38 million has been created.

Expenses

Across the Group, we have expensed an amount of R71 million (before tax) in the current year, related to support and financial relief that the business units provided to our various distribution forces, to help weather the impact of reduced income during the hard lockdown period when financial advice was not deemed an essential service by government regulations.

At Group level we also incurred R26 million of operational expenses which are directly attributable to the Covid-19 pandemic. The expenses include data and technology-related costs and other remote working enablement costs, as well as costs related to the structural changes needed to ensure social distancing between workstations for essential office-based staff, hand sanitiser and deep-cleansing of offices.

These costs were fully expensed through operational expenses in F2020 and are not reported as part of the provision for Covid-19. The lockdown restrictions have also delivered expense savings, for example on travel and entertainment offsetting some of the impact of the Covid-19 related costs. Development and implementation costs that were incurred from accelerated projects for example, improved digital engagement tools, are not deemed to be directly related to the pandemic.

Earnings per share

Earnings per share for the Group declined by 92% to 12.3 cents.

In addition to the impacts described for normalised headline earnings, the earnings per share were further negatively impacted by an impairment on owner-occupied property of R550 million as well as a R244 million write-off to goodwill and other intangible assets of the non-life insurance operations.

The Johannesburg-based businesses of the Group is currently moving into a newly developed owner-occupied property situated in Sandton. The Group will occupy most of the available office space. The value of the property was previously recorded at the cost of development as it was still under construction. As at 30 June 2020 the property was valued by a professional valuer which resulted in an impairment of R550 million. The impairment can largely be attributed to the decline in market rental rates for office property in Sandton in recent years, as well as the weak property market outlook because of the pandemic. The valuation also took the expected vacancy period into account.

Due to the economic decline as a result of the Covid-19 pandemic, the projected cash flows for MSTI have deteriorated, resulting in the need to write off R244 million in goodwill and other intangible assets that were allocated to MSTI. The recently acquired Momentum Insurance is currently anticipated to perform in line with the business plan and there is no need to write off intangible assets allocated to Momentum Insurance.

New business performance

Key metrics	F2020	F2019	Δ%
Recurring premiums (R million)	3 417	3 952	(14)
Single premiums (R million)	33 189	34 183	(3)
PVNBP (R million)	50 447	55 783	(10)
Value of new business (R million)	280	541	(48)
New business margin	0.6%	1.0%	

The PVNBP for the 12 months was R50.4 billion, a decline of 10% from the prior year. Excluding the impact of the R5 billion single premium with-profit annuity transaction that was recorded in Momentum Corporate in the prior year, the PVNBP remained flat, despite the lower retail sales volumes observed in the second half of the year and the impact thereof.

PVNBP by business unit for each quarter of F2020

R million	1Q	2Q	3Q	4Q	F2020	F2019	Δ%
Momentum Life	2 013	2 045	1 844	1 170	7 072	8 266	(14)
Momentum Investments	6 679	7 087	7 026	6 020	26 812	23 145	16
Metropolitan Life	1 292	1 234	1 172	1 003	4 701	4 897	(4)
Momentum Corporate	2 442	2 369	1 741	2 654	9 206	16 977	(46)
Momentum Metropolitan Africa	552	521	648	935	2 656	2 498	6
Total PVNBP	**12 978**	**13 256**	**12 431**	**11 782**	**50 447**	**55 783**	**(10)**

As a result of the lockdown restrictions during the fourth quarter, the new business volumes in most business units were severely impacted. On the positive side, large single premium transactions for which negotiations began before Covid-19 were completed in Momentum Corporate in South Africa, as well as in the employee benefits businesses in Namibia and Botswana. New business volumes in Momentum Investments held up well, with strong flows, especially on the offshore investment platform. In the fourth quarter, Metropolitan Life new business volumes reduced by approximately 20% compared to the average of the first three quarters and were supported against further decline by the adoption of digital technology and smart tools in the sales fulfilment process. Momentum Life was most severely adversely impacted, partially because the business writes a significant amount of new business where medical underwriting is necessary.

The value of new business declined by 48% from the prior year. In addition to the lower new business volumes changes in the new business mix towards long-term savings also contributed to this result. The negative effect was partly offset by disciplined expense management across the Group. Overall, the new business margin declined to 0.6%.

Embedded value

Embedded value earnings (R million)	F2020	F2019	Δ%
Embedded value at the start of the year	41 193	39 601	
Embedded value earnings from operations (covered business)	3 408	3 083	11
Covid-19 provision (covered business)	(1 335)	-	<0
Embedded value earnings attributable to investment markets	(2 945)	291	<0
Impact of exceptional items [4]	(19)	870	<0
Embedded value profit from non-covered businesses	(646)	(1 076)	40
Change in embedded value before capital flows	**(1 537)**	**3 168**	**<0**
Capital flows	(1 132)	(1 576)	28
Embedded value at the end of the year	**38 524**	**41 193**	**(6)**
Return on embedded value (ROEV)	(3.7)%	8.0%	
ROEV on covered business	(2.7)%	12.7%	
ROEV on non-covered business	(8.4)%	(17.5)%	
ROEV per share	**(3.8)%**	**9.4%**	

4 The exceptional item of R870 million reported in F2019 arose from the adoption of a new required capital methodology, which coincided with the implementation of a new regulatory framework for solvency. In F2020 the exceptional item of (R19 million) relates to the impact of implementing International Financial Reporting Standard 16 - Leases.

The embedded value results highlight the exposure to investment markets from within the covered business. Movement in investment market-related items resulted in a R2.9 billion reduction in embedded value earnings relative to the prior year.

The total reduction in the covered business embedded value for the additional Covid-19 provisions on the covered business was R1.3 billion. Excluding these, the embedded value earnings from covered business operations increased by 11% from R3.0 billion to R3.4 billion. Non-Covid-19 related basis changes and experience variances were broadly neutral in aggregate. Expense variances contributed positively, continuing the recent trend of tight expense management across the Group. The expense inflation assumption in the first three years of the projection period has been reduced from 6% to 5%.

The risk experience variance remained positive, despite being significantly lower than the prior year. Metropolitan Life had particularly pleasing risk experience over the year. The risk products in Momentum Life contributed positively to the alterations experience via take-up of premium increases for older ages.

The lapse experience on Metropolitan Life's funeral product line saw a significant improvement from the prior year. More accurate modelling of future expected credit spreads on Momentum Investment products contributed positively. The allowance for terminations where policyholders have taken premium contribution holidays on Momentum Corporate's FundsAtWork investment product, resulted in a negative persistency variance.

Implicit allowances for Covid-19 have also been incorporated in the non-covered valuations.

SEGMENTAL PERFORMANCE

MOMENTUM LIFE

R million	F2020	F2019	Δ%
Normalised headline earnings	416	883	(53)
Recurring premium new business	928	1 031	(10)
Single premium new business	2 064	2 016	2
PVNBP	7 072	8 266	(14)
Value of new business	22	101	(78)
New business margin	0.3%	1.2%	

Normalised headline earnings

Normalised headline earnings declined by 53% to R416 million. The decline is mainly driven by changes in the demographic assumptions for the expected impact of Covid-19 related claims and policyholder behaviour, as well as significantly lower underwriting experience profits than in the prior year.

The negative investment variances that were observed in the third quarter from traditional products as well as lower fees and investment returns from equity-linked asset portfolios, reversed during the fourth quarter, resulting in a small positive investment variance for the year. The impact of improved persistency experience profit on the protection business was offset by the impact of the Premium Pause client relief option.

Good expense management, as well as lower losses from Momentum Multiply, contributed positively to normalised headline earnings.

New business

Momentum Life's PVNBP declined by 14% year-on-year to R7.1 billion. The fourth quarter was particularly challenging due to the nationwide lockdown which limited the ability of the distribution force to continue sales activities, resulting in new business volumes that were 46% lower than the fourth quarter in the prior year. New business volumes on long-term savings business were less impacted by the lockdown than protection business sales. There was an observed shift towards retirement annuity policies within the long-term savings new business mix.

Value of new business declined by 78% from R101 million to R22 million, resulting in a new business margin of 0.3%. This can be explained by the operational gearing impact during the fourth quarter from lower new business volumes on protection and long-term savings products, while the predominantly fixed expense base declined by less.

MOMENTUM INVESTMENTS

R million	F2020	F2019	Δ%
Normalised headline earnings	303	512	(41)
Recurring premium new business	121	186	(35)
Single premium new business	26 345	22 434	17
PVNBP	26 812	23 145	16
Value of new business	134	82	63
New business margin	0.5%	0.4%	

Normalised headline earnings

Normalised headline earnings declined by 41% to R303 million, largely as a result of unrealised losses stemming from relative movements in the bond and swap curves used to value annuities and guaranteed endowments. This effect was reported in the third quarter and the impact persisted into the fourth quarter with further widening of the spread.

The impact of weak investment markets on asset-based fee income and progress with the repricing of the in-force book both led to a decline in the normalised headline earnings from the Momentum Wealth investment platform, despite continued good new business volumes and lower outflows throughout the year, favourable foreign exchange movements, and prudent expense management.

While investment market conditions remained volatile, the local and offshore non-covered investment management operations delivered growth in normalised headline earnings. This was, however, more than offset by lower normalised headline earnings from the property management business, which suffered from the current economic conditions, in line with the real estate sector.

New business

PVNBP for Momentum Investments improved by 16% to R26.8 billion relative to the prior year, mainly from strong new business volumes on the Momentum Wealth investment platform and guaranteed annuities. Although new business flows slowed in the fourth quarter, it remained strong in absolute terms.

The value of new business also benefitted from below inflationary growth on expenses and a reduction in the present value of the cost of capital. The new business margin improved to 0.5%.

Assets under management

R billion	F2020	F2019	Δ%
On-balance sheet Momentum Wealth	110	105	5
Off-balance sheet Momentum Wealth	59	56	5
Non-covered business (investment management)	419	424	(1)
Assets under management	**588**	**585**	**1**

Assets under management on the Momentum Wealth investment platform increased by 5%. This was mainly attributable to significant net inflows on the offshore platform, aided by favourable foreign exchange movements.

Assets under management of the non-covered investment management business ended the year marginally lower than the prior year. These assets were adversely impacted by the fall in investment markets. As the markets rebounded during the fourth quarter, assets recovered materially from the levels reported in March 2020.

METROPOLITAN LIFE

R million	F2020	F2019	Δ%
Normalised headline earnings	302	610	(50)
Recurring premium new business	1 156	1 196	(3)
Single premium new business	1 100	1 185	(7)
PVNBP	4 701	4 897	(4)
Value of new business	110	89	24
New business margin	2.3%	1.8%	

Normalised headline earnings

Metropolitan Life's earnings declined by 50% to R302 million relative to the prior year, driven by the impact of the adverse investment market conditions since March 2020, changes in the demographic assumptions for the expected impact of the Covid-19 pandemic related claims and policyholder behaviour; as well as the cost to support tied advisers during the nationwide lockdown in the fourth quarter.

The negative impacts of the investment market movements that were observed in the third quarter, continued into the fourth quarter. They were mainly caused by unrealised losses stemming from relative movements in the bond and swap curves used to value annuities. Furthermore, the increase to investment guarantee reserves held in respect of smoothed bonus portfolios that was required in the third quarter, was not fully reversed by the partial recovery of the investment markets in the fourth quarter.

Excluding these items, the earnings from operational activities increased from the prior year and were supported by a sustained operational focus to improve the quality of business and prudently manage controllable expenses. The persistency on funeral products, which was in line with the valuation basis and continued strong underwriting profits, further supported the normalised headline earnings.

New business

Metropolitan Life PVNBP declined by 4% to R4.7 billion compared to the prior year. The tied agency force was on average 7% smaller than in the prior period, however productivity per agent continued to improve, following deliberate actions to rationalise and upskill the agency force. New business volumes in the fourth quarter remained resilient, despite the nationwide lockdown. The adoption of digital technology and smart tools in the sales fulfilment process supported the advisers' ability to continue writing new business during this period.

The value of new business of R110 million showed a pleasing improvement as a result of the continued shift towards new business for which premiums are collected via salary deductions, and an improved business mix within the funeral product range. The new business margin increased to 2.3% despite the pressure caused on volume growth by the lockdown in the fourth quarter.

MOMENTUM CORPORATE AND HEALTH

R million	F2020	F2019	Δ%
Momentum Corporate	104	435	(76)
Momentum Metropolitan's health business	156	166	(6)
Total normalised headline earnings	**260**	**601**	**(57)**
Recurring premium new business [5]	796	1 149	(31)
Single premium new business [5]	2 979	7 933	(62)
PVNBP [5]	9 206	16 977	(46)
Value of new business [5]	(4)	265	<0
New business margin [5]	0.0%	1.6%	

5 Momentum Metropolitan's health business is classified as non-covered business and therefore, excluded from new business premiums, PVNBP, value of new business and new business margin.

Normalised headline earnings

Momentum Corporate and Health's normalised headline earnings declined by 57% year-on-year to R260 million.

The normalised headline earnings of the traditional employee benefits business declined by 76% to R104 million. This was mainly driven by the negative impacts of the market movements, which resulted in an increase in the investment guarantee reserving requirements predominantly on the smoothed bonus savings business, as well as changes in the demographic assumptions for the expected impact of Covid-19 claims, disability income and policyholder experience.

These impacts were partly offset by strong underwriting results from the group insurance business, in which the disability business performed particularly well. Earnings from income disability products were the strongest in five years, reflecting that corrective actions implemented over the last few years are paying off. Proactive expense management kept cost increases below inflation.
Momentum Metropolitan's health business contributed normalised headline earnings of R156 million for the year, a decline of 6% from the prior period. Despite the challenges caused by the nationwide lockdown in the last quarter, the health business experienced membership growth in the public sector and low-cost products during the current year. This result was also supported by continued expense discipline. Membership growth remained subdued in the retail, corporate and mining segments. This is reflective of the worsening of economic conditions placing pressure on employment numbers.

New business

Momentum Corporate's PVNBP of R9.2 billion reduced by 46% compared to the prior year. The prior year included the impact of the R5 billion single premium with-profit annuity transaction.

The value of new business of -R4 million showed some recovery from the levels reported in the interim and third quarter results. However, the lower new business volumes and change in new business mix within the FundsAtWork investments portfolio continued to dampen the value of new business and led to what is in effect a nil new business margin.

NON-LIFE INSURANCE

This segment includes Guardrisk, offering cell captive as well as other non-life insurance products; MSTI and Momentum Insurance, offering mostly personal lines insurance products. The acquisition of Momentum Insurance from Alexander Forbes Group Holdings Limited (AFGH) was completed in January 2020 and the normalised headline earnings were consolidated into the Group's results from 1 February 2020. Momentum Insurance offers short-term insurance to the middle and affluent client segments, providing personal, commercial, accidental and health insurance products.

NON-LIFE INSURANCE

R million	F2020	F2019	Δ%
Guardrisk	335	207	62
MSTI	(18)	(43)	58
Momentum Insurance	88	- [6]	>100
Normalised headline earnings	**405**	**164**	**>100**

6 Momentum Insurance was acquired and consolidated into Momentum Metropolitan from 1 February 2020. Comparative information therefore reflects nil value.

Non-life Insurance delivered exceptional growth on normalised headline earnings year-on-year, with strong underlying operational growth from Guardrisk, which was further supported by the first-time inclusion of the normalised headline earnings of Momentum Insurance.

Guardrisk's double digit growth is mainly attributed to strong new business revenue growth in Guardrisk Life and in mining rehabilitation business. This result was further aided by good persistency of the existing client base within the cell captive and underwriting managers' divisions. A slowdown in growth was observed in the last quarter, as the retail sector was impacted by the tough operating environment, which was exacerbated by the lockdown restrictions introduced in March 2020. Under current economic conditions, and having reviewed specific facilities, it was deemed appropriate to raise a provision of R101 million (net of tax) for cells in deficit.

Underwriting profits in Guardrisk General Insurance increased by 43% year-on-year. This was due to the continued take up of the underwriting product offering. Guardrisk has also raised a gross provision of around R600 million to provide relief and support to qualifying policyholders with defined business interruption cover. After reinsurance recoveries and tax, the net provision was R38 million.

R million	F2020	F2019	Δ%
Gross earned premium	2 592	1 889	37
Net earned premium	1 530	1 160	32
Claims incurred	(789)	(592)	(33)
Other insurance income	91	108	(16)
Underwriting expenses	(590)	(507)	(16)
Guardrisk General Insurance underwriting profit [7]	**242**	**169**	**43**

7 The underwriting profit in this table is the total for GGI, a division of Guardrisk Insurance Company Limited. The Guardrisk Group of companies also engage in further underwriting activities and this amount is therefore a subtotal of the underwriting fees that are disclosed in the Non-life Insurance segmental income statement in the Momentum Metropolitan Group Audited Annual Financial Statements and the Summarised Audit Annual Financial Statements for the 12 months ended 30 June 2020.

Expenses were well contained across all lines of business within Guardrisk. Investment in technology and the front-line underwriting infrastructure was made to advance the digital enablement of the business.

MSTI key ratios	F2020	F2019	Δ%
Net earned premium (R million)	966	870	11
Claims ratio	59.7%	63.7%	4

MSTI's losses narrowed by 58% to R18 million during the current year. Premium growth continued a positive trend and cost ratios remained stable. The lockdown and economic slowdown during the fourth quarter negatively impacted gross written premiums on the commercial and personal lines of business. MSTI provided premium relief to support its policyholders and to compensate for reduced claims during the last quarter. The cancellation ratio improved slightly over the last quarter.

The claims ratio improved by 4% year-on-year to 60%. Despite the large weather and fire-related claims that led to a reported claims ratio of 66% for the first nine months of the current year, the claims ratio benefitted during the fourth quarter from the reduced motor claims during lockdown.

Momentum Insurance key ratios	F2020	F2019 [8]	Δ%
Net earned premiums (R million)	411	442	(7)
Claims ratio	53.6%	62.1%	8.5

8 Net earned premiums is a derivative from the gross written premium that was previously disclosed in the financial results of AFGH, while the claims ratio was reported in the AFGH financial statements.

Momentum Insurance reported normalised headline earnings of R88 million for the five months to 30 June 2020.

On a 12-month basis, Momentum Insurance achieved strong growth in underwriting results of 6% year-on-year. This was mainly driven by favourable claims ratios in personal and commercial lines of business, and well-managed cost ratios.

Net earned premiums were impacted by the lockdown period during the fourth quarter as well as client relief of 15% of premiums offered to policyholders on motor policies, amounting to R27 million. The cost of the premium relief is expected to be largely offset by lower claims activity.

The migration and integration of Momentum Insurance into the MSTI business is tracking well against the business plan and client retention and the distribution channel productivity is being monitored closely.

MOMENTUM METROPOLITAN AFRICA

R million	F2020	F2019	Δ%
Namibia	195	201	(3)
Botswana	50	59	(15)
Lesotho	159	89	79
Ghana	51	40	28
Kenya	(12)	24	<(100)
Other countries	5	(45)	>100
Centre costs	(131)	(106)	(24)
Normalised headline earnings	**317**	**262**	**21**
Recurring premium new business	416	390	7
Single premium new business	701	615	14
PVNBP	2 656	2 498	6
Value of new business	18	4	>100
New business margin	0.7%	0.2%	

Normalised headline earnings

Normalised headline earnings increased by 21% to R317 million. This can be attributed to the improved performance in continuing operations, which was supported by a recovery of the investment markets in the fourth quarter, as well as steady progress on the countries earmarked for sale.

The Namibian economy remained under pressure and the life and health operations reported normalised headline earnings in line with the prior year. The non-life insurance business was negatively affected by higher motor claims.

The contribution from Botswana's life operations declined predominantly due to lower investment returns from persistent weak investment markets in the second half of the year. This was partly offset by double digit growth from the health business following good membership growth.

Lesotho benefitted from a one-off tax liability adjustment of R72 million in the first half of the year. Excluding this one-off item, normalised headline earnings were in line with the prior year.

To date the operations in Mauritius, eSwatini and Nigeria have been exited, resulting in a further uplift to normalised headline earnings during the year.

New business

PVNBP for Africa was R2.7 billion, up by 6% from the prior period. The major contributors to this positive result were 5% PVNBP growth in Namibia, which saw good retail annuity sales throughout the year, and a large employee benefits transaction in the fourth quarter, as well as 25% PVNBP growth in Botswana from continued retail smoothed bonus sales volumes and a strong fourth quarter from the corporate business.

The value of new business improved to R18 million for the 12 months, with both Botswana and Lesotho tripling their contribution through an improved mix of business and well-contained costs. In Namibia, value of new business was lower, and remains negative, due to a shift in the mix of business towards savings products in both retail and corporate businesses.

The good growth in value of new business led to an improvement in the new business margins from 0.2% in the prior year to 0.7%. This is a pleasing improvement from the negative new business margin that was reported in the third quarter of F2020.

NEW INITIATIVES

Included under this segment are Aditya Birla Health Insurance (ABHI) (a joint investment with Aditya Birla Capital in their health insurance business in India), aYo (a mobile insurance joint venture with MTN in selected African countries), Multiply Money (a bundled transactional and savings solution), the operating expenses of Exponential Ventures (local and offshore venture capital funds with a focus on fintech and insurtech start-ups) and Momentum Consult (a standalone financial planning business operating under its own FSP licence).

R million	F2020	F2019	Δ%
Aditya Birla Health Insurance [9]	(290)	(287)	(1)
aYo	(108)	(89)	(21)
Other [10]	(111)	(116)	4
Normalised headline earnings	**(509)**	**(492)**	**(3)**

9 Results for the India investment are reported with a three-month lag.
10 “Other” includes Exponential Ventures, Multiply Money and Momentum Consult.

Aditya Birla Health Insurance

The operational performance of ABHI remained in line with the business plan, highlighted by gross written premiums (GWP) having almost doubled since F2019. The number of in-force lives increased significantly to 8.3 million as at 31 March 2020, up from 2.3 million as at 31 March 2019, with retail clients contributing 72% of GWP.

ABHI has expanded its distribution capacity, having enhanced and broadened its customised approach to meet the unique needs of its banking partners. The bancassurance channel now contributes 64% to retail GWP.

ABHI has one of the largest health provider networks in India which includes a tie up with over 6 500 hospitals, across more than 2 000 cities. Notwithstanding positive trends in the key financial metrics, including the combined ratio, the depreciation of the South African Rand against the Indian Rupee contributed to the slightly higher year-on-year loss. ABHI management remain confident of still achieving break even within the planned seven years from commencement of the business.

ABHI continues to experience strong growth in new business despite the impact of the Covid-19 pandemic and government lockdown during the peak sales period towards the end of March 2020. While the business has so far remained resilient during the pandemic, it may be impacted going forward. While sales are usually conducted face-to-face, ABHI provided 40 000 training interventions from April to June 2020 in order to equip its agents, employees, and distributors to sell digitally.

aYo

aYo, our joint venture with MTN, has grown its customer base substantially over the past year. Operations in Zambia were launched in February 2020 adding to the established businesses in Ghana and Uganda. Cumulative customer enrolments within the three countries increased from 4.0 million on 30 June 2019 to 8.6 million at 30 June 2020. The claims ratios across the aYo product range in the two established markets were satisfactory, but the businesses have not yet built up enough scale to fully fund its overhead costs as well as its IT and systems support cost base.

Following a strategic review, we arrived at an optimised funding model and made the decision to reduce our shareholding from 50% to 25%, with MTN's stake increasing to 75%. A non-binding term sheet which details the terms on which the shareholders of aYo propose to effect the change of shareholding has been signed. The transaction is subject to the final agreed terms of the legally binding definitive transaction agreements, which are currently being negotiated and settled between the parties. The agreements will be subject to certain conditions precedent, including any required regulatory approvals.

Other

Our largest other new initiative is Multiply Money, which bundles a low-cost transactional facility with a savings wallet that offers competitive interest rates, without restrictive requirements such as a minimum balance and lock-in period. The rewards from Momentum Multiply are paid into the savings wallet and clients can top up their savings with their own money. Clients can use their money by transferring their money into their payment wallet and making payments with a Multiply Money Card at any VISA accepted merchant in South Africa. The Multiply Money offering aims to be an attractive facility into which to receive insurance claim payments and rewards payments. Up to 30 June 2020, 140 827 clients have signed up for the offering of which 42% have received at least one Momentum Multiply reward payment into their savings wallets.

SHAREHOLDERS

This segment represents the investment return earned on shareholder capital of the Group's South African operations, plus investment return on venture capital fund investments, less the head office costs not allocated to other businesses. Investment returns relating to offshore capital (Africa and India) and non-life insurance (Guardrisk, MSTI and Momentum Insurance) are reported as part of earnings within the relevant segments.

R million	F2020	F2019	Δ%
Operating loss	(310)	(163)	(90)
Investment income	341	494	(31)
Fair value gains/ (losses)	(4)	203	<(100)
Normalised headline earnings	**27**	**534**	**(95)**

The normalised headline earnings from this segment was 95% lower than the prior year. This result was mainly attributable to the impact of the adverse investment markets resulting in lower investment returns on shareholder assets and lower investment returns on our venture capital funds. Finance cost was higher than the prior year due to the early refinancing in December 2019 of R750 million subordinated debt, which was redeemed when it became callable in June 2020.

SOLVENCY AND CAPITAL MANAGEMENT

Regulatory solvency position

The regulatory solvency positions as at 30 June 2020 and 31 December 2019 of Momentum Metropolitan Life, Guardrisk Insurance Company Limited (Guardrisk Insurance) and Guardrisk Life Limited (Guardrisk Life), MSTI and Momentum Insurance (reported for the first time in the 30 June 2020 table) are shown in the tables below. The solvency positions are presented prior to allowance for foreseeable dividends.

30 June 2020 R million	Momentum Metropolitan Life	Guardrisk Insurance	Guardrisk Life	MSTI	Momentum Insurance [11]
Eligible own funds (pre dividend)	29 067	2 843	3 492	506	445
Solvency capital requirement	15 737	2 570	3 076	253	144
Solvency capital requirement cover (times)	**1.85**	**1.11**	**1.14**	**2.00**	**3.09**

31 December 2019 R million	Momentum Metropolitan Life	Guardrisk Insurance	Guardrisk Life	MSTI
Eligible own funds (pre dividend)	34 463	2 919	3 042	474
Solvency capital requirement	15 674	2 521	2 696	250
Solvency capital requirement cover (times)	**2.20**	**1.16**	**1.13**	**1.89**

11 Momentum Insurance was acquired and consolidated into Momentum Metropolitan from 1 February 2020. Comparative information therefore reflected nil values.

Momentum Metropolitan Life has adopted a target range for regulatory solvency cover of 1.7 to 2.1 times the SCR. This makes allowance for the capital required to support the covered business against a range of severe but plausible scenarios, as well as the wider strategic deployments of the Group. Momentum Metropolitan Life acts as the capital centre of the Group, and as such is capitalised in excess of the requirements of the covered business.

The regulatory solvency position of Momentum Metropolitan Life declined from 2.20 times SCR at 31 December 2019 to 1.85 times SCR at 30 June 2020, which remains within the target range.

The decline was predominantly due to the impact of Covid-19 on the investment markets, coupled with capital deployed to acquire Momentum Insurance. In addition, the additional provisions established for Covid-19 is also included in the regulatory valuation basis. Furthermore, the solvency position of Momentum Metropolitan Life was temporarily elevated at 31 December 2019 by the early refinancing of R750 million of subordinated debt, which became callable in June 2020 and has now been redeemed.

The SCR cover for Guardrisk Insurance remained at 1.11 times SCR at 30 June 2020, and remains above the risk appetite threshold of 1.05 times SCR. The decrease in SCR cover is due to an increase in the SCR for credit and concentration risk because of weakening counterparty credit ratings. In addition, IBNR reserves on Consumer Credit Insurance cell clients were increased to make provision for an expected increase in retrenchment and loss of income claims due to Covid-19 and the lockdown.

The SCR cover for Guardrisk Life increased marginally to 1.14 times SCR at 30 June 2020, and remains above the risk appetite threshold of 1.05 times SCR.

The regulatory solvency position of cell captive insurers will be weighted towards 1.0 times the SCR because own funds in excess of the SCR of individual cells must be disregarded.

MSTI's SCR cover increased to 2.00 times at 30 June 2020 because of favourable claims experience during the lockdown. The SCR for Momentum Insurance is reported for the first time.

Momentum Metropolitan's group solvency position is determined by aggregating the results of all the underlying entities under the regulatory framework, after elimination of intra-group arrangements.

At 30 June 2020 Momentum Metropolitan Holdings had Group SCR cover of 1.6 times. Momentum Metropolitan Holdings targets a SCR cover range of 1.45 to 1.75 times SCR, which has been set to reflect the target solvency levels and operational requirements of the underlying entities, while ensuring appropriate resilience of the Group solvency position. The Group SCR cover is also impacted by the restrictions applied to the own funds of cell captive insurers.

Sensitivity analysis of regulatory solvency

The table below provides sensitivity analysis of the solvency position of Momentum Metropolitan Life.

R billion	Eligible own funds	SCR	SCR Cover (times)
Base position	29.1	15.7	1.85
30% fall in the market value of equities	26.4	17.8	1.48
250bps decrease in nominal interest rates	31.4	16.5	1.91
250bps increase in nominal interest rates	27.1	15.2	1.78

The sensitivity analysis demonstrates that the solvency position of Momentum Metropolitan Life remains resilient. This is despite the currently elevated sensitivity of the balance sheet to market movements, due to the impact of the decline in financial markets on the funding levels of business where policyholders participate in a share of experience profits.

After a fall of 30% in the market value of equities, the SCR cover still remains strong at close to 1.5 times SCR.

Dividends

The Group's dividend policy is to declare ordinary dividends within a dividend cover range of 2.0 to 3.0 times normalised headline earnings on an annual basis. As a result of the negative normalised headline earnings during the second half of the year, a final ordinary dividend has not been declared in respect of the 12 months ended 30 June 2020. We remain comfortable with our dividend policy and expect that ordinary dividends will be resumed in line with the dividend policy as the normalised headline earnings recover.

Capital deployment

Momentum Metropolitan allocates capital to support value creation within the businesses. Capital allocation targets appropriate return on capital requirements linked to the Group's risk appetite framework and governance processes, while focusing on effective implementation and execution.

During the year R2.1 billion of capital was deployed to fund the acquisition of Momentum Insurance in the non-life insurance business unit, while R0.5 billion was deployed to fund our share of losses from our healthcare joint venture in India.

The following strategic investments were made during the year:

Areas of capital deployment	R million
Momentum Investments	32
Momentum Corporate	15
Non-life Insurance	2 088
Momentum Metropolitan Africa	52
New Initiatives	521
Shareholders	6
Total	**2 714**

OTHER AREAS OF FOCUS

External audit transition

The appointment of Ernst & Young Inc. as the Group's external auditor was approved by shareholders at our annual general meeting on 26 November 2019. During the year the transition of the external audit received significant focus across the Group and we obtained new insights through consultations and discussions with our new auditors.

Implementation of International Financial Reporting Standard 17-Insurance Contracts

The final version of International Financial Reporting Standard 17 – Insurance Contracts was issued during June 2020 and will be effective for the Group from 1 July 2023. The implementation of the standard requires significant effort in the financial reporting systems and processes to enable the preparation of financial statements that is compliant with the standard and we will make full use of the extension of the effective date. Good progress was made on improving the financial reporting models, transition efforts and data structure definitions. While our initial efforts were focused on model development to accommodate the requirements of the standard, focus has shifted to the production of product level income statements for a large group of products during the next financial year. Efforts to roll this out to other entities are underway.

Broadening our ownership

Momentum Metropolitan is committed to social and economic inclusivity. We consider the alignment of the interests of various stakeholders as the most effective way of achieving meaningful value creation for all stakeholders. We propose establishing a broad-based employee share ownership scheme, which will acquire 3% of the Group's ordinary share capital. The scheme aspires to realise broad-based black socio-economic transformation, through the empowerment of employees to participate as shareholders in the business. The share ownership scheme will be structured as a trust to the benefit all of the Group's South African employees. The scheme is subject to certain suspensive conditions, including approval from existing shareholders.

Secondary listing on A2X Markets (A2X)

Momentum Metropolitan's equity securities started trading on A2X with effect from 5 August 2020. Our primary listing on the Johannesburg Stock Exchange (JSE) will be unaffected by the secondary listing on A2X. Our ordinary shares can now be traded on the JSE and A2X in South Africa and the Namibian Stock Exchange in Namibia. As a major participant in South African financial markets, we believe that healthy competition is to everyone's benefit and supporting multiple local exchanges aids to increase competitiveness in this space.

OUTLOOK

We are satisfied with Momentum Metropolitan's resilient performance during the Covid-19 pandemic, and we are optimistic about our ability to effectively manage the demands of a post-Covid-19 environment. However, the uncertainty about the path of the pandemic and the expected long-term negative impact on the economy will probably lead to weaker investment returns and lower new business and persistency levels in the medium term.

The impact of Covid-19 on South Africa's fragile public finances has been devastating, with debt levels expected to rise materially. We will continue to focus on matters under our control and are determined to emerge from the current difficult situation in an improved relative position – in terms of market share, operational excellence, and use of evolving technology.

As a result of the Covid-19 pandemic we will most likely not achieve the Reset and Grow target of normalised headline earnings between R3.6 billion to R4.0 billion in F2021. Given the uncertainty of the current situation, it will be speculative to provide firm guidance on our financial results over the next year, however, we will be disappointed if the Group does not materially improve on the current year's results.

Despite the trying environment, many of the *Grow* initiatives within the Reset and Grow strategy are still relevant. We continue to work on delivering on these initiatives that largely revolve around sales and service, product improvements, advancement of digital capabilities, and cost efficiencies. Even before the start of the Covid-19 pandemic, we had initiated a process to assess and redefine our strategic goals beyond F2021. The changing environment brought about by Covid-19 has been incorporated into this planning work. We will continue to build on our strengths and successes to date.

Risto Ketola
Group Finance Director

The information in this report by the Group Finance Director, including the financial information on which the outlook is based, has not been reviewed and reported on by Momentum Metropolitan's external auditors. Financial figures in this report have been correctly extracted from the audited annual financial statements. It is only a summary of the information contained in the full announcement and does not contain full or complete details. Any investment decision should be based on the full announcement and annual financial statements which are accessible from the Group's website at https://www.momentummetropolitan.co.za/en/investor-relations/financial-results.